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SUBJECT: A/S HILL'S MEETINGS WITH MONGOLIAN OFFICIALS

Classified By: Ambassador Mark C. Minton, for reasons 1.4 (B) and (D)

¶1. (C) SUMMARY: EAP Assistant Secretary Christopher Hill met on June 15 with Mongolia's President, Prime Minister and Foreign Minister. None of the officials revealed their thinking on the pending decision on whether to send an 8th rotation of troops to Iraq, but President Enkhbayar noted that such deployments had begun when he was Prime Minister, and that he saw them as a form of repayment for the assistance other countries had given Mongolia during the difficult years in the early 1990's. The officials viewed President Enkhbayar's proposed trip to the U.S. in October as a chance to deepen the bilateral relationship and welcomed the likelihood that a Millennium Challenge Account compact will be ready for signing then; the compact is not just a matter of money, they said, it will symbolize the growth in bilateral relations. The Foreign Minister urged the U.S. to consider Mongolia's proposed "Comprehensive Partnership Framework Agreement," but said that Mongolia is ready to change the format and the contents. The Prime Minister and Foreign Minister expressed concern about declines in U.S. foreign assistance to Mongolia, which sent the wrong signal to Mongolia's public. The officials expressed hoped that North Korea would implement its obligations in the Six Party Talks -- and offered Mongolia as a possible alternative venue for bilateral or multilateral discussions with the DPRK. END SUMMARY.

¶2. (SBU) A/S Hill arrived on June 15 to begin a three-day visit to Mongolia. After a lunch with Foreign Minister N. Enkhbold, A/S Hill went to the Ministry of Defense to meet with 15 Mongolian soldiers who had served on peacekeeping missions in Iraq, Afghanistan, Sierra Leone or Kosovo. He then met with Prime Minister M. Enkhbold and President N. Enkhbayar. During his meetings, A/S Hill was accompanied by Ambassador, EAP Special Assistant Tom Gibbons, and E/P Chief. Later during his visit, A/S Hill participated in the Asia Society's Williamsburg Conference, visited Peace Corps Volunteers and Trainees in the field, visited a USAID project, had several media events, and met with the Embassy's staff and family members.

Iraq

¶3. (SBU) A/S Hill told both the Prime Minister that earlier in the afternoon he had been very pleased to meet with

returned Mongolian peacekeeping troops, including ones who had served in Iraq. A/S Hill said he had thanked them for their service, and stated that they had impressed those who interacted with them because of their professionalism. While the PM made no response in his own remarks, President Enkhbayar cited the expanded range of bilateral cooperation, including peacekeeping in places like Iraq and Kosovo. Enkhbayar recalled that, when Russia abruptly cut off its aid to Mongolia in the early 1990s, Western countries -- the U.S., Japan, the European Union -- stepped in to assist Mongolia. He said that, when he had been Prime Minister and Mongolia first sent troops to Iraq, he had made the point that it was time Mongolia began to repay its "debt" to the world. Saying he appreciated A/S Hill's praise for Mongolia's soldiers, Enkhbayar commented that he could see the difference among Mongolian soldiers who had served in Iraq -- they were more mature, professional, and even more physically fit. Mongolia's contribution of troops to peacekeeping in Sierra Leone, Kosovo, Afghanistan and Iraq had led to it being more involved in global affairs. Enkhbayar added that it had also provided a good path for the reform of Mongolia's military, and U.S. assistance had led to more professional Mongolian soldiers and military. He said he looked forward to taking part as Commander in Chief in the opening ceremony of the U.S.-supported Khaan Quest peacekeeping training exercise in August, and said he was pleased that South Korea would send troops to exercise.

U.S. Visit by President Enkhbayar

¶4. (SBU) A/S Hill told his interlocutors that, while a definite date had not yet been set for President Enkhbayar's visit, it likely would be in the latter part of October. President Enkhbayar commented that he had been grateful to be invited to the U.S. by President Bush. He opined that this would be a good chance for the two presidents to review issues, and the visit would be a very important step to strengthen bilateral cooperation. A/S Hill's visit provided a good opportunity to prepare for the visit, and to help form a clear vision for developing bilateral cooperation.

Millennium Challenge Account (MCA) Compact

¶5. (SBU) A/S Hill told interlocutors that it definitely appears that an MCA compact will be ready to be concluded during the visit. He expressed pleasure that Mongolia would be the first country in East Asia to conclude an MCA compact. A/S Hill said he knew that getting to the compact had been very frustrating, and recalled that, during the November 2005 POTUS visit to Mongolia, the President had said that he had made changes to speed up MCC's work. His interlocutors expressed pleasure at the prospect of a compact signing, but noted the length of time it had been pending. The Prime Minister commented that the compact would be very important for Mongolia's economy, and would help Mongolia solve both economic and social problems. The Foreign Minister opined that, after years of being eligible for MCC assistance, the amount is no longer the important thing) the importance is to get it done and signed, which will be a good political symbol.

Third Neighbor Policy and Relations With the U.S.

¶6. (SBU) A/S Hill said that it is to Mongolia's credit that it maintains good relations with such a range of countries) even North Korea, which he knew from his own experience is a full-time job. The President stated that, as a small country, Mongolia could not afford problems with other countries. Mongolia's Foreign Policy Concept called for a "multi-pillared" approach -- which, he smiled, had not pleased Mongolia's neighbors, which preferred either a two-pillar approach or even a one-pillar approach. However, relying on many pillars is best for Mongolia. The Foreign Minister commented that Mongolia's history is one of a balancing act between big players. Luckily, so far it had

managed to do a good job. Under its third neighbor policy, FM Enkhbold said, Mongolia tries to maintain good relations with all countries. The third neighbor policy does not mean relations with any one country, but a whole group of countries that support Mongolia. The U.S., South Korea, Japan, and India are given priority, due to their support from the beginning of Mongolia's transformation. The U.S. is a very important partner for Mongolia, politically and economically, the Foreign Minister said. All three interlocutors emphasized that the November 2005 POTUS visit had given a boost and added momentum to bilateral relations, and said that they are very satisfied with the excellent state of bilateral relations.

Comprehensive Partnership Framework Agreement (CPFA)

17. (SBU) The Foreign Minister noted that, during President Bush's visit, the two presidents had made a commitment to define guiding principles for the relationship, and put these in a written document. MFA had proposed the CPFA, which would be a milestone in bilateral relations, and would show the rest of the world the very good relations between the two countries. However, he continued, this could be a declaration or statement in any form, if it can be signed during President Enkhbayar's forthcoming visit. A/S Hill responded that he had talked to Ambassador Bold about the CPFA and understood Mongolia's desire for an agreement. The substance of Mongolia's proposal is not a problem, but the format is important, and it would be problematic to choose a format which would involve Congress. The U.S. is ready to work closely with Mongolia to make a presidential joint statement an historical document which would clearly indicate relations had reached a milestone. Something like the elements from the proposed CPFA could be incorporated in a joint statement, which would serve for years to come as a guiding document for relations. FM Enkhbold responded that MFA is ready to consider amendments to its draft. After a side conversation with Jambaldorj later in the lunch, FM Enkhbold returned to the CPFA by commenting that several joint statements between the U.S. and Mongolia had already been issued. Perhaps the joint statement this time could be signed, he wondered, to illustrate its difference. A/S Hill responded that the U.S. would work with Mongolia to try to boost the profile for a joint statement, but noted that the statements are typically not signed. Prime Minister Enkhbold commented that the draft CPFA had been given to the State Department by MFA, and said that MFA is ready to discuss this document, which would be very important for bilateral cooperation. The CPFA was not mentioned by President Enkhbayar.

Request for Visa Waiver Program Consideration

18. (SBU) Foreign Minister Enkhbold asked that the U.S. consider including Mongolia in the Visa Waiver Program. He noted that Mongolia gives visa free entry to U.S. citizens for 90 days. Mongolia's population of 2.6 million is small, he said, and Mongolians love their homeland. Most would come back from the United States. A/S Hill asked what the visa refusal rate is for Mongolians. DCM stated that it is 49.8%, and commented that Mongolians love their country, but many do it from a distance. The Foreign Minister laughed and added that this wasn't just true of the U.S. -- there are Mongolians in South Korea and Japan, too. Turning serious again, he said that this was an official request, and Mongolia hoped the U.S. would consider it.

Concern Over Declining U.S. Foreign Assistance

19. (SBU) Foreign Minister Enkhbold expressed concern about declines in funding for USAID activities, from \$7.5 million in FY 2005 to \$5.6 million in the current year. Despite the explanations which might be offered for this, it would easily be seen by the public as a sign of declining U.S. support. Prime Minister Enkhbold expressed concern that, based on

Mongolia's recent strong economic growth, some donor countries might reduce aid. Although Mongolia had had good economic success recently, there remain big problems in both urban and rural areas. Assistance from USAID has helped Mongolia develop. News of U.S. aid reductions caused concern and, the Prime Minister said, he hoped this would not happen.

A/S Hill responded that these statements were timely, since he would discuss foreign assistance levels for EAP with the Secretary at the end of June. He stated he would try to make

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sure Mongolia gets a proper level of assistance.

Desire for More U.S. Scholarships

¶10. (SBU) Foreign Minister Enkhbold noted that, during the November 2005 POTUS visit, the two presidents had discussed educational cooperation. Mongolia needs to provide good education to its youth, and hopes for more scholarship from the U.S. Frankly, he said, if one compares the number of scholarships offered by the U.S. government with those given by other developed countries, such as Australia, the U.S. gives next to nothing, while public expectations are great of the U.S. A/S Hill responded that he recalled the conversation during the POTUS visit. While the U.S. had followed through on commitments made during the visit, he agreed that the absolute numbers remain small. Ambassador noted that there are many more opportunities to increase scholarships from other than the U.S. government, and noted ongoing efforts to encourage U.S. universities to increase scholarships. For instance, Mongolian alumni of U.S. universities could lobby their alma mater. A/S Hill agreed that such efforts likely had the most promise, but he said he would look to see if the USG could do more.

Resignation of Speaker, and Mongolia's Stable Foreign Policy

¶11. (SBU) The Foreign Minister noted that Ts. Nyamdorj resigned as Speaker on Thursday because of a political debate.⁸ The MPRP caucus had met and decided to endorse Vice Speaker Lundeejantsan to replace Nyamdorj. The Foreign Minister said had just heard that some other political parties had positively responded to the MPRP on this idea, and Lundeejantsan might be confirmed as Speaker on Friday afternoon. He opined that Lundeejantsan was the most logical and suitable replacement) though, he said, lots of people might like to be Speaker. With this issue over, he said, he believed the Parliament would overcome the difficulties it had experienced recently.

¶12. (SBU) The Ambassador commented that this situation is unlikely to affect foreign policy issues. The Foreign Minister concurred, and said that there had been uniform agreement about foreign policy issues over the last 15 years among Mongolian politicians, and thus a stability of foreign policy. All Foreign Ministers had tried to keep to the same line. He opined that he thought this was appreciated by Mongolia,s partners) and good for Mongolia.

North Korea, and Mongolia As a Venue for Talks

¶13. (C) Foreign Minister Enkhbold confirmed that there is an agreement for Mongolia to host a visit in the near future by Kim Young Nam, President of the DPRK's Supreme People's Assembly. All three interlocutors expressed their strong support for the Six Party Talks. A/S Hill noted to the Foreign Minister that it was a bit frustrating the North Koreans had issued no statement yet on the transfer of funds to it from Banco Delta Asia. The Foreign Minister responded that he wasn't surprised, based on Mongolia,s own experience with the North Koreans. President Enkhbayar opined that there should be good implementation by all sides, and North Korea needs to show that it is a more responsible party.

¶14. (C) Foreign Minister Enkhbold stated that Mongolia,s

ambition is for the Six Party Talks later to develop into a larger group of countries which will discuss security and other issues in Northeast Asia. He noted that Mongolia had been the first to advance this idea, in 2000. A/S Hill responded that the U.S. is looking at the question, if the talks progress, of launching a Northeast Asia security mechanism) and, he smiled, Mongolia is very much in North Asia. The Foreign Minister commented that Mongolia is a member of many groupings, but really looks for one which is smaller, maybe subregional, and therefore had more of a focus on the region around Mongolia. In his meeting with A/S Hill, President Enkhbayar also underlined Mongolia's hope to join a broader mechanism on security issues which might evolve out of the Six Party Talks in the future.

¶15. (C) All three interlocutors proposed Mongolia as a possible venue for North Korea-related meetings. The Foreign Minister said that, if there is anything Mongolia can do to assist the talks, it will try. He cited the possibility of organizing meetings here, and added that acting as host would also help make Mongolia more known around the world. After the Prime Minister also stated the offer of Mongolia as a venue for organizing talks, A/S Hill asked whether this was an offer of Mongolia as a venue for the Six Party Talks. The Prime Minister responded yes, if the parties agreed. A/S Hill said that he would mention this to his North Korean counterpart. He commented that the DPRK might look forward to a venue other than China, which they sometimes found "traumatic." However, A/S Hill added, the North Koreans are suspicious of any new ideas. President Enkhbayar noted that Mongolia had suggested itself to Japan as a venue for that country's talks with North Korea, and said Mongolia would be willing to host other meetings.

¶16. (C) A/S Hill commented to the Foreign Minister that all kinds of North Koreans came to Mongolia -- diplomats, workers, and refugees. The Foreign Minister responded that Mongolia does not consider North Koreans as "refugees," but rather as illegal entrants onto its territory; it dealt with this as a humanitarian issue through very quiet cooperation with other countries. A/S Hill expressed appreciation for Mongolia's willingness to work with South Korea and the U.S. on resettling North Koreans. President Enkhbayar commented that some North Koreans made the arduous journey from China into Mongolia. While most wanted to go to South Korea, if a small number wanted to go to the U.S. instead, Mongolia would work with the U.S. to do this. The President added that Mongolia had to assist the North Koreans; it could not send them back.

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